

**BERNSTEIN GLOBAL STRATEGIC VALUE**  
**GLOBAL EQUITY: MSCI ACWI BENCHMARK**

FOR THE MONTH OF: **AUGUST** **2006**

**MANAGER PERFORMANCE CALCULATIONS**

*\* Annualized returns*

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Bernstein GSV	2.31%	3.13%	23.79%		
MSCI ACWI	2.59%	3.25%	16.68%		
Russell 3000	2.45%	2.53%	8.75%		

**PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS**

**Market Overview** - Global equity markets rose 2.6% in August, as measured by the MSCI World Index. Emerging markets performed in line with developed markets over the month. Investors reacted enthusiastically after the US Federal Reserve left interest rates unchanged for the first time in two years. Benign economic reports provided additional lift to the markets, pointing to moderating inflationary pressure, while consumer and business spending levels suggested economic growth is not slowing enough to risk a recession. The European Central Bank, continued on its path to cool the economy for the countries sharing the euro currency by raising the key refinancing rate to 3%. At the sector level, cyclical stocks rebounded with information technology leading all sectors. Utilities, consumer staples and consumer discretionary stocks also enjoyed strong gains. Energy-related stocks pulled back on softening oil prices and a mild hurricane season. Telecom and industrial commodity shares also lagged. Among currencies, the US dollar strengthened relative to the Japanese yen, but weakened versus the British pound, euro and Canadian dollar.

**Impacts on Performance** - In August, before fees, the portfolio outperformed its benchmark, the MSCI World Index. Stock selection within the telecommunications sector detracted from relative returns, as did our underweight of the energy sector. Portfolio investments within the finance and industrial commodities sectors, were strong performers over the month, contributing to relative returns. Key contributors were Hewlett-Packard and Mitsui O.S.K. Hewlett-Packard reported better-than-expected second-quarter results. Hewlett-Packard's CEO Mark Hurd announced the company was able to increase market share without hurting margins. Chief detractors included Sprint and ConocoPhillips. Sprint declined on less-than-expected second-quarter earnings and ongoing concerns that it would continue to experience operational difficulties in integrating Nextel. While the resulting complications from the merger are disappointing, we believe investors' concerns are overdone and continue to find Sprint attractively valued. Meanwhile, ConocoPhillips weakened on declining oil prices. The stock was also hurt by production losses and expenses associated with ownership interest to a corroded pipeline in the Prudhoe Bay Alaskan oil field.

**Outlook** - We continue to believe that global equity markets are reasonably valued and that these valuations are supported by the prospect of continued—if more moderate—economic and profit growth. The overall value opportunity is lower than average, but our fundamental research continues to uncover interesting value investments on a stock-by-stock basis, resulting in portfolios that are attractively priced and have a profitability in line with that of the market.

**ORGANIZATIONAL/PERSONNEL CHANGES**

Three fundamental analysts and one quantitative analyst were gained. One fundamental analysts was lost. AllianceBernstein personnel changes are tracked on a quarterly basis. Personnel gains and losses include internal transfers. Data as of 2Q06

**ACCOUNT TURNOVER**

Gained:	Number of Accounts:	5	Total Market Value (\$m):	\$	1,189.0
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):	Bernstein is a publically held company and cannot disclose non-public information such as Accounts Gained and Lost until it is released to the public. 2Q06 data above.			

**MANAGER STYLE SUMMARY**

*Bernstein is a research-driven, value-based, "bottom-up" manager, whose process is driven by individual security selection. Country allocations are a by-product of the stock selection process, which drives the portfolio country over and under weights. They invest in companies with long-term earnings power, which are undervalued due to an overreaction by the market. This value bias will result in a portfolio which will tend to have lower P/E and P/B ratios and higher dividend yields, relative to the market. The Global Strategic Value product is a concentrated global equity portfolio, and as such, may experience more volatility relative to the market.*

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**PORTFOLIO GUIDELINE COMPLIANCE**

AUGUST

2006

Portfolio Guideline:	Index	Bernstein	Calc	Min	Max	Compliance
B3. Security position <= 10% of the account @ purchase						ok
B4. Number of issues		81		25	75	check
B5. Normal Regional Exposures (* benchmark +/- min/max):						
United States *	53%	34%		25%	25%	ok
Europe ex U.K. *	21%	25%		15%	15%	ok
UK *	11%	11%		10%	10%	ok
Japan *	11%	14%		10%	10%	ok
Emerging Markets		13%		0%	20%	ok
Other		3%		0%	20%	ok
Total		100%				
B6. Normal Global Portfolio Characteristics (MSCI ACWI)						
Capitalization	68,368	70,883	104%	50%	100%	check
Price/Book Value	2.5	1.9	75%	50%	100%	ok
Price/Earnings (Next 12 mo)	14.7	11.5	78%	50%	100%	ok
Price/Cash Flow	10.4	6.4	62%	50%	100%	ok
Dividend Yield	2.2	2.4	111%	75%	200%	ok
C1. Currency or cross-currency position <= value of hedged securities						ok
No executed forward w/o a corresponding securities position.						ok
C2. Max forward w/ counterparty <= 30% of total mv of account						ok
Forwards executed with Custodian <= 100% of the total mv of account, given credit check						ok
F2. Brokerage commissions not to exceed \$0.05/share for U.S. equities						ok
F3. Annual turnover		23%		30%	40%	check
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

**MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES**

F3. Annual Turnover:	There was an inflow of \$50 million in July 2005 which enabled positions to be added to the portfolio without causing turnover.
B6. Capitalization:	The securities we have found attractive have coincidentally been larger cap names, and the increase is not a reflection of any kind of capitalization bet.
B4. Number of Issues:	There are some ADR market purchases that have been repurchased in their market. Both are counted.